

Message Text

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ACTION ARA-20

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 3000

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E.O. 11652: NA

TAGS: ECON, PINT, CO

SUBJECT: FORMER PRESIDENT CARLOS LLERAS

RE-ENTERS POLITICAL ARENA

1. IN MAY 17 SPEECH BEFORE LIBERAL PARTY-ORIENTED SOCIEDAD ECONOMICA DE AMIGOS DEL PAIS DR. CARLOS LLERAS ANALYZED THE SOCIO-ECONOMIC SITUATION OF THE COUNTRY AS HE SAW IT. WHILE STATING THAT GENERAL SITUATION IS MORE OR LESS SATISFACTORY HE OUTLINED FIVE PRIORITY PROBLEMS WHICH HE BELIEVED NEW ADMINISTRATION WILL HAVE TO SOLVE AND CHALLENGED LOPEZ TO DEFINE HIS POSITION. PROBLEMS INCLUDE:

A. INFLATION AND THE NEGATIVE ROLE OF THE CONSTANT VALUE SAVINGS AND LOAN SYSTEM.

B. REORGANIZATION OF THE COMPTROLLER'S OFFICE AND THE MORE EFFICIENT ALLOCATION OF GOVERNMENT RESOURCES,

C. AGRARIAN REFORM AND A REDEFINITION OF THE ROLE INCORA SHOULD PLAY

D. REFORM OF CONCORDAT AND ITS IMPLICATIONS FOR DIVORCE AND

E. SOCIAL AND ECONOMIC REFORM INCLUDING BETTER INCOME AND LAND DISTRIBUTION AS WELL AS NEW EMPLOYMENT OPPORTUNITIES AND BETTER HOUSING FOR THE POOR.

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2. IN MANY WAYS THE LLERAS PRESENTATION WAS SELF-SERVING. MOST OF THE POSITIVE DEVELOPMENTS HE OBSERVED IN THE ECONOMY LLERAS TRACED BACK TO DECISIONS PROPOSED OR TAKEN BY HIS ADMINISTRATION. THESE INCLUDE SUCH MEASURES AS CREATION OF EXPORT PROMOTION FUND (PROEXPO) AND THE PASSAGE OF DECREE LAW 444 WHICH ESTABLISHED RULES AND REGULATIONS GOVERNING INTERNATIONAL TRADE AND FOREIGN INVESTMENT. LLERAS PUBLICALLY WONDERED WHY ECONOMY HAS NOT REACHED EVEN HIGHER LEVELS OF GROWTH SINCE ALL THE BASIC MEASURES REQUIRED WERE INITIATED DURING HIS ADMINISTRATION AND OTHERS OF THE NATIONAL FRONT.

3. PRESIDENT PASTRANA RESPONDED MAY 24 THAT INFLATION IS WORLDWIDE PHENOMENON WHICH HAS AFFECTED ALL COUNTRIES WITHOUT EXCEPTION. WHILE ADMITTING GOVERNMENT MIGHT HAVE MADE SOME ERRORS IN MANAGING COLOMBIA MONETARY AND FISCAL POLICY PRESIDENT CLAIMED RECORD BY AND LARGE WAS GOOD ONE. HE REVIEWED SAVINGS AND LOAN SYSTEM AND ITS FAVORABLE IMPACT ON EMPLOYMENT AND GROWTH, SUCCESSFUL EFFORT TO PROMOTE AND DIVERSIFY EXPORTS, AND GOVERNMENT MEASURES TO RESTRAIN FISCAL DEFICIT AND INCREASE OF MONEY SUPPLY. PASTRANA ALSO SPOKE WITH PRIDE OF ECONOMIC SITUATION WHICH PERMITTED NATIONAL ELECTION WITHOUT SINGLE EPISODE OF VIOLENCE. IN SUMMARY, PRESIDENT SAID HIS ADMINISTRATION WAS ENDING WITH A VERY SATISFACTORY BALANCE, QUOTING LLERAS STATEMENT THAT NEW ADMINISTRATION WOULD NOT FACE VERY GRAVE DIFFICULTIES.

4. COLOMBIAN NATIONAL ASSOCIATION OF INDUSTRIALISTS (ANDI) WEIGHED IN WITH CLAIM THAT LLERAS COMPLACENT VIEW ON PRESENT ECONOMIC SITUATION WAS INCORRECT AND THAT IN FACT NEW GOVERNMENT WOULD HAVE TO COPE WITH A NUMBER OF GRAVE ECONOMIC PROBLEMS, PARTICULARLY THE LARGE GOVERNMENT DEFICIT AND ITS EFFECTS ON PRICES.

5. COMMENTS
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LLERAS SEMINAR GENERALLY VIEWED AS OPENING GAMBIT TO REINSERT HIMSELF INTO COLOMBIAN POLITICAL LIFE AFTER LONG WITHDRAWAL FROM AN ACTIVE ROLE FOLLOWING HIS DEFEAT BY LOPEZ IN LIBERAL PARTY NOMINATING CONVENTION. APPARENTLY LLERAS FEELS THAT HIS VIEWS MAY NOT BE SUFFICIENTLY TAKEN INTO ACCOUNT IN FORMULATING NEW ADMINISTRATIONS ECONOMIC POLICIES AND

THEREFORE DECIDED ON SPEECH AS MEANS OF FORCEING LOPEZ
TO ADMIT HIM INTO TOP PARTY COUNCILS. REACTION WE
HAVE RECEIVED FROM CONTACTS CLOSE TO LOPEZ INDICATE
THAT LLERAS CHALLENGE WAS NOT WELL RECEIVED. GIVEN
MARGIN OF LOPEZ MANDATE AND FACT THAT HE WILL BE
CONTROLLING PATRONAGE IN NEW GOVERNMENT, LLERAS MAY
WELL BE FIGHTING ANOTHER LOSING BATTLE. DETAILS OF
LLERAS AND PASTRANA STATEMENTS FOLLOW BY AIRGRAM
VAKY

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